# Message Text

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INFO OCT-01 EUR-12 NEA-10 IO-13 ISO-00 CIAE-00 PM-05 H-01 INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11 AGRE-00 AID-05 COME-00 EB-08 FRB-03 TRSE-00 XMB-02 OPIC-03 LAB-04 SIL-01 OMB-01 MCE-00 ACDA-12 DOE-15 SOE-02 /155 W

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R 110541Z JUL 78

FM AMEMBASSY KHARTOUM

TO SECSTATE WASHDC 7779

INFO AMEMBASSY ADDIS ABABA

AMEMBASSY BANGUI

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY JIDDA

AMEMBASSY DJIBOUTI

AMEMBASSY KINSHASA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

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AMEMBASSY NDJAMENA

AMEMBASSY PARIS

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USMISSION USUN NEW YORK

CINCEUR VAIHINGEN GER

DIA WASHDC

CONFIDENTIAL SECTION 1 OF 3 KHARTOUM 3062

CINCEUR FOR POLAD

E.O. 11652: GDS

TAGS: PGOV, PINT, PEPR, EFIN, SU

SUBJECT: SUDAN QUARTERLY REPORT, APRIL-JUNE 1978

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REF: KHARTOUM 1564

SUMMARY: PRESIDENT NIMEIRI FINALLY TOOK DIFFICULT AND POLITICALLY UNPOPULAR STEPS TO ADDRESS SERIOUS ECONOMIC PROBLEMS. SUDAN EXPERIENCED LABOR UNREST CONCOMMITANT WITH INTRACTABLE INFLATION, CONSUMER GOODS SCARCITIES,

ESPECIALLY FUEL AND PUBLIC SERVICE FAILURES. POLITICAL OPPOSITION WAS QUIET AND DOMESTIC RECONCILIATION ROLLED FORWARD. SOUTHERN REGION WAS OCCUPIED BY THEIR REGIONAL ECONOMIC PROBLEMS. IN JUNE. SUDANGOV ANNOUNCED ECONOMIC REFORMS INCLUDING BUDGET RESTRAINT AND DEVALUATION AND EXPECTED PROMISED BALANCE OF PAYMENTS SUPPORT FROM IMF AND OTHER ARABS. SUDAN PURSUED A VERY ACTIVE FOREIGN POLICY BOTH IN AFRICA AND ARAB ARENAS. ALTHOUGH GLOOMY ABOUT PROSPECTS FOR NEGOTIATED SETTLEMENTS BOTH IN ERITREA AND CHAD, SUDAN CHOSE TO BE DIPLOMATICALLY ACTIVE PARTIALLY TO DEMONSTRATE GOOD WILL BEFORE THE OAU SUMMIT IN KHARTOUM IN JULY AND PARTIALLY BECAUSE NIMEIRI BELIEVES THAT SUCH DISPUTES CANNOT BE RESOLVED BY FORCE AND THAT SUDAN, UNABLE TO DEFEND ITS LONG BORDERS, MUST RELY UPON DIPLOMACY. ON MIDDLE EAST ISSUES. NIMEIRI ADOPTED PROTECTIVE COLORATION OF MEDIATION BETWEEN OPPOSING ARAB FACTIONS. CRITICIZED FOR HIS STRONG SUPPORT OF SADAT'S PEACE INITIATIVE, HE IS ALMOST IMMUNE TO PUBLIC CRITICISM WHEN HE PICKS UP THE BANNER OF ARAB UNITY. AS CHAIRMAN OF ARAB LEAGE SOLIDARITY COMMITTEE, NIMEIRI HAS MADE THREE MAJOR TRIPS AND VISITED 15 ARAB CAPITOLS. HE HAS USED THESE VISITS TO PROMOTE SUDAN'S BILATERAL RELATIONS AS WELL AS TO PROMOTE ARAB UNITY.

SUDAN WELCOMED BACK SOVIET AMBASSADOR WHO LEFT IN JUNE 77 AFTER SOVIET MILITARY ADVISERS WERE EXPELLED. HOWEVER, NIMEIRI REMAINS CONVINCED THAT SOVIETS ARE CONFIDENTIAL.

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DEDICATED TO HIS EVENTUAL OUSTER. MAJOR PREOCCUPATION OF SUDANGOV WAS PREPARATION FOR OAU SESSIONS AND SUMMIT MEETING. IMPENDING ASSUMPTION OF OAU LEADERSHIP CAUSED SUDAN TO ADOPT DIGNIFIED PUBLIC STANCE ON MOST FOREIGN POLICY ISSUES.

RELATIONS WITH U.S. WERE EXCELLENT. ARRIVAL OF C-130'S, AND STEADY PROGRESS ON SALES OF F-5'S SMOOTHED PATH FOR OTHER MUTUAL CONCERNS. OFFICIAL VISITORS TO KHARTOUM INCLUDED SECRETARY VANCE, AMBASSADOR YOUNG AND DAS' HARROP AND HORMATZ. END SUMMARY.

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FM AMEMBASSY KHARTOUM

TO SECSTATE WASHDC 7780

INFO AMEMBASSY ADDIS ABABA

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CINCEUR FOR POLAD

I. DOMESTIC AFFAIRS

1. DOMESTIC ECONOMICS AFFAIRS CONTINUED TO PREOCCUPY CONFIDENTIAL

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NATIONAL ATTENTION. LABOR TROUBLES FESTERING IN MARCH ERUPTED IN APRIL IN STRIKES OF TECHNICAL WORKERS, DOCTORS AND RAILROAD UNIONS. TECHNICIANS STRUCK APRIL 1, EFFECTING COMMUNICATIONS, HOSPITALS AND AIRPORT OPERATIONS. ON APRIL 5 VICE PRESIDENT ABUL GASSIM AGREED TO DISCUSS JOB EVALUATIONS AND WAGES VIA SPECIAL NATIONAL COMMITTEE. DOCTORS WENT ON STRIKE. BUT NIMEIRI MADE BLISTERING ATTACK ON APRIL 10 CALLING THEM "FOXES AND WOLVES" ALREADY WITH PLENTY OF MONEY. NASTY SPEECH COWED MOST VOCAL AGITATORS. RAILROAD WORKERS, WHO STRUCK AGAIN AS RECENTLY AS JULY 1, ARE ENGAGED IN STORMY LEADERSHIP DISPUTE AND HAVE BEEN IN

AND OUT OF COURT. OTHER LABOR PROBLEMS HAVE BEEN ASSUAGED BY PUBLIC SECTOR SALARY INCREASES AND NEW CLASSIFICATIONS EFFECTIVE JULY 1. WAGE INCREASES HAVE NOT KEPT PACE WITH INFLATION, BUT WORKER CONCERNS SEEM TO HAVE COOLED PERCEPTIBLY.

- 2. SUDAN ADOPTED AN AUSTERITY BUDGET IN EARLY JUNE FOR FY 78-79, BUT EXTENT OF DEVELOPMENT COSTS WAS OBSCURED BY PRESENTATION OF SEPARATE DEVELOPMENT BUDGET. SUDAN EXPERIENCED INCREASING HARDSHIPS BECAUSE OF LACK OF FOREIGN EXCHANGE TO PAY FOR NECESSITIES. REFORM AND ACCEPTANCE OF IMF PROGRAM BECAME NECESSITY. AFTER BANKS CLOSED JUNE 8, SUDAN ANNOUNCED DEVALUATION OF SUDANESE POUND. AUSTERE BUDGET AND DEVALUATION ENABLED SUDAN TO MEET IMF AND ARAB MONETARY FUND CONDITIONS FOR BALANCE OF PAYMENTS ASSISTANCE. OTHER ARABS REPORTEDLY HAVE CONDITIONED BOP SUPPORT ON ADOPTION OF IMF PROGRAM.
- 3. SHORTAGES OF GASOLINE IN KHARTOUM AND ELSEWHERE IN SUDAN GREW WORSE. IRAQI AND EGYPTIAN TANKERS REFUSED TO UNLOAD CRUDE OIL AT PORT SUDAN WITHOUT ADVANCE PAYMENT. AS RESULT, PORT SUDAN REFINERY AVERAGED ONLY FOUR DAYS OF PRODUCTION PER WEEK FOR AT LEAST ONE MONTH. ALSO, RECENTLY OPENED CONFIDENTIAL

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KHARTOUM-PORT SUDAN PIPELINE HAS PERSISTENT TEETHING PROBLEMS. BUFFETED BY RAILROAD STRIKES, SEASONAL FAILURES OF WATER AND ELECTRICITY, AND FOOD SHORTAGES CAUSED TO SOME EXTENT BY SIMPLISTIC PRICE CONTROLS, AVERAGE CITIZEN FOUGHT INCREASING INFLATION AND BLACK MARKETING WITH SUPRISING TOLERANCE. UNIVERSALLY BELIEVED RUMOR THAT CHEVRON HAS DISCOVERED "LAKE OF OIL" AND ANTICIPATED WAGE INCREASES LIFTED PUBLIC MORALE SOMEWHAT, ALTHOUGH EXPENSIVE AND INCONVENIENT "BEAUTIFICATION" OF KHARTOUM FOR OAU FOUND FEW ADMIRERS.

4. NEWLY ELECTED PEOPLE'S ASSEMBLY EXERCISED ITS RIGHT TO QUESTION, COMPLAIN, AND EXHORT. ASSEMBLY STATEMENTS MAY HAVE HAD EFFECT OF BEGUILING OPPOSITION. PROMINENT FORMER OPPOSITION LEADERS AND RETURNED EXILES SUCH AS SADIQ AL-MAHDI AND HUSSEIN AL-TURABI WERE QUIET. RECONCILIATION COMMITTEES ENGAGED IN FINDING EMPLOYMENT FOR RETURNEES OR COMPENSATION FOR PRISON TERMS AND FINANCIAL LOSSES REMAINED ACTIVE. ON APRIL 12 LAST REMAINING IMPORTANT EXILE, HUSSEIN AL-HINDI, SIGNED GRANDIOSE RECONCILIATION AGREEMENT IN LONDON WITH SENIOR MEMBERS OF SUDANGOV. AGREEMENT SPECIFIED THAT HINDI AND HIS FOLLOWERS WOULD RETURN PEACEFULLY TO SUDAN AND IN EXCHANGE SUDANGOV WOULD CONTINUE TO LIBERALIZE POLITICAL LIFE HERE. ALTHOUGH HINDI HAS NOT YET SHOWN UP IN KHARTOUM, HE CONTINUES TO PROMISE HIS RETURN. WHETHER HE ACTUALLY DOES OR NOT IS

LOSING IMPORTANCE AND IS NOT CRITICAL TO SUCCESS OF NATIONAL RECONCILIATION EFFORT.

5. SOUTHERN REGION WAS ENGAGED IN REORGANIZATION OF GOVERNMENT AND REGIONAL SUDAN SOCIALIST UNION STRUCTURE. DESPITE DIRE CIRCUMSTANCES INCLUDING REPORTED ANNUAL FOOD SHORTAGES IN WAU, POWER BLACKOUTS IN ALL MAJOR SOUTHERN TOWNS, FUEL SHORTAGES AND FREQUENT STOPPAGE OF TRAIN AND AIR TRAFFIC, NEWLYAELECTED OFFICIALS GAVE EVERY APPEARANCE OF ACTIVITY AND ENERGY. NEW GOVERNMENT SEEMED TO WORK CONFIDENTIAL

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MORE CLOSELY WITH KHARTOUM OFFICIALS WHILE PARADOXICALLY SHOWING MORE INDEPENDENCE AND CHAUVINISM. ALL SIDES STRESS VALUE OF NATIONAL UNITY, BUT BRIEF NORTH-SOUTH RIOT IN MALAKAL IN MID-JUNE (HOSPITALIZING EIGHT) BETRAYED THINNESS OF TRANQUILITY. IN GENERAL, SOUTHERNERS REMAINED FEISTY, LOYAL, DESTITUTE AND SELF-ABSORBED.

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FM AMEMBASSY KHARTOUM TO SECSTATE WASHDC 7781

INFO AMEMBASSY ADDIS ABABA

AMEMBASSY BANGUI

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CINCEUR FOR POLAD

II. FOREIGN POLICY

6. SUDANESE FOREIGN POLICY, NORMALLY MODERATE AND GUIDED CONFIDENTIAL

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BY DOMESTIC CONSIDERATIONS OF DEVELOPMENT AND UNITY, WAS EXPRESSED IN MORE DETACHED AND REASONABLE TONES IN PUBLIC EXPRESSION DURING THE PERIOD, AS SUDAN PREPARED FOR OAU MEETINGS AND SUMMIT IN JULY AND NIMEIRI'S UPCOMING OAU PRESIDENCY. SUDAN CONTINUED TO EMPHASIZE NEGOTIATION OF VARIOUS AREAS OF TENSION ABOUT HER.

7. ON ETHIOPIA. SUDAN FINALLY AGREED TO ATTEND SPECIAL OAU MEDIATION MEETING IN DAR ES SALAAM IN LATE JUNE DESPITE ETHIOPIA'S DETERMINATION TO ACHIEVE MILITARY SOLUTION IN ERITREA. SUDAN IS CONCERNED THAT ERITREAN CONFLUCT WILL SPILL ACROSS BORDER AND INVOLVE SUDAN WHICH PROVIDES ERITREANS LOGISTIC AND POLITICAL SUPPORT. ON RETURN FROM DAR ES SALAAM, STATE MINISTER FOR FOREIGN AFFAIRS FRANCIS DENG TOLD PRESS THAT SUDAN HAD COMPLIED WITH RECOMMENDATIONS OF OAU-SPONSORED FREETOWN MEETING LAST DECEMBER, BUT ETHIOPIA HAD NOT. IN ADDITION TO RENOUNCING MILITARY SOLUTION, SUDAN WANTS ETHIOPIA TO GET RID OF SOVIET INFLUENCE IN ADDIS ABABA. SUDAN HAS NO CONFIDENCE THAT ETHIOPIA WILL EVER MEET THESE DEMANDS, BUT NEITHER SIDE WANTS TO BREAK OFF NEGOTIATIONS. BOTH COUNTRIES HAVE LARGE NUMBERS OF REFUGEES OR DISSIDENTS, MANY OF THEM ARMED, WITHIN EACH OTHER'S TERRITORY.

8. DIPLOMATIC RELATIONS WITH LIBYA HAVE BEEN RESTORED ON A SHAKY BASIS. VICE PRESIDENT ABUL GASSIM'S EFFORTS AS PEACEMAKER IN CHAD AT FIRST APPEARED TO BE A FAILURE WHEN CHADIAN REBELS IGNORED AGREED-UPON CEASEFIRE WITH LIBYAN CONNIVANCE. HOWEVER, LIBYA AGREED TO SECOND TRIPOLI CONFERENCE IN EARLY JULY FOR FURTHER NEGOTIATIONS. ABUL GASSIM CHAIRED MEDIATION COMMITTEE OF LIBYA, NIGER, CHAD

AND FROLINAT. ON WESTERN BORDER AS IN EAST, SUDAN HOPES FOR NEGOTIATIONS RATHER THAN CONTINUED FIGHTING. CONFIDENTIAL

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- 9. SUDAN AND EGYPT CONTINUED ALMOST DAILY RHETORIC ON PROGRESS TOWARDS ADMINISTRATIVE AND ECONOMIC INTEGRATION, ESPECIALLY OF BORDER PROVINCES. SUCH ANNOUNCEMENTS ARE UNCHALLENGED IN KHARTOUM BECAUSE NUMEROUS INTEGRATION OPPONENTS DO NOT TAKE THEM SERIOUSLY. NIMEIRI CONTINUED TO SUPPORT SADAT'S MIDDLE EAST STRATEGY BUT WAS MORE DISCREET IN EXPRESSING HIS SENTIMENTS. AS CHAIRMAN OF SOLIDARITY COMMITTEE OF ARAB LEAGUE, NIMEIRI VISITED 15 ARAB COUNTRIES DURING JUNE TO MEND RIFT OPENED WHEN SADAT VISITED JERUSALEM. HIS EFFORTS BENEFITED SADAT AND PROBABLY HELPED SUDANESE BILATERAL RELATIONS. NIMEIRI HOPES TO ARRANGE ARAB SUMMIT BUT IN EARLY JULY. HE TOLD PRESS THAT SOME ARAB COUNTRIES REJECTED PROPOSED SUMMIT UNTIL DIRECT EGYPTIAN-ISRAELI CONTACTS WERE DISCONTINUED.
- 10. SUDAN'S RELATIONS WITH SOVIET UNION BECAME LESS ANTAGONISTIC WITH RETURN OF SOVIET AMBASSADOR AFTER ABSENCE OF NEARLY ONE YEAR AND WITH OMISSION OF ANTI-SOVIET COMMENTS FROM MOST NIMEIRI SPEECHES. HOWEVER, HE CONTINUES TO REGARD USSR AS IMPLACABLE AND DANGEROUS THREAT TO HIS REGIME BUT, AS OAU PRESIDENT-DESIGNATE, IS SPEAKING LESS.

## III. U.S.- SUDAN RELATIONS

- 11. RELATIONS BETWEEN SUDAN AND USG WERE EXCELLENT. LAST OF SIX C-130'S WAS DELIVERED AND TRAINING AND EQUIPMENT PROGRAM WAS, ONE OBSERVER REMARKED, MODEL OF ITS KIND. SUDAN USED C-130'S FOR DEVELOPMENT INCLUDING EMERGENCY FLIGHTS OF FOOD AND FUEL TO ISOLATED TOWNS. SUDAN HOSTED RADAR AND SITE SURVEY TEAM DURING REPORTING PERIOD, AND LETTER OF AGREEMENT FOR SALE OF SQUADRON OF F-5'S WAS EN ROUTE TO KHARTOUM AT END OF JUNE.
- 12. LONG LIST OF OFFICIAL VISITORS TO KHARTOUM DURING APRIL-JUNE PERIOD WAS HEADED BY SECRETARY OF STATE WHO CONFIDENTIAL

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STOPPED APRIL 13 AND MET FOREIGN MINISTER. DEPUTY ASSISTANT SECRETARIES WILLIAM HARROP (AF) AND ROBERT HORMANTS (EO) MET WITH NIMEIRI AND, LATER, DEPUTY ASSISTANT SECRETARY GEORGE DALLEY (IO) CALLED ON STATE MINISTER DENG.

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